AVIC INTERNATIONAL MARITIME HOLDINGS LIMITED
(*Formerly known as AVIC International Investments Limited*)

(Incorporated in Singapore on 11 November 2010)
(Registration Number: 201024137N)

RESPONSE TO SGX-ST'S QUERY ON ANNUAL REPORT FY2015

The Board of Directors ("**Board**") of AVIC International Maritime Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") would like to respond to the question raised by the SGX-ST on 25 April 2016 in relation to the Company's annual report ("**Annual Report**") for the financial year ended 31 December 2015 ("**FY2015**") as follows:

SGX-ST's Question:

Guideline 11.3 of the Code states that the Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems, in the company's Annual Report. The Board's commentary should include information needed by stakeholders to make an informed assessment of the company's internal control and risk management systems. The Board should also comment in the company's Annual Report on whether it has received assurance from the CEO and the CFO:

(a) that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and

(b) regarding the effectiveness of the company's risk management and internal control systems.

As required under Listing Rule 710, please make disclosure as recommended in the Code; in particular, the adequacy and effectiveness of the risk management systems, or otherwise explain the reason(s) for the deviation.

Company's response:

The Company refers to page 49 of the Annual Report FY2015, where it was disclosed that:

(a) the Board has received assurance from the CEO and CFO as well as the internal auditor that:

  (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

  (ii) the Company's risk management and internal control systems in place are effective; and

(b) the Board is satisfied that the system of internal procedures, controls and reviews that the Group has in place provides reasonable assurance against material financial misstatements or loss, safeguarding of assets, the maintenance of proper accounting records, reliability of

financial information, compliance with legislation, regulations and best practices and the identification and management of business risks.

The Board, with the concurrence of the Audit Committee ("**AC**"), is of the opinion that the Group's system of internal controls (including financial, operational, compliance and information technology controls) and risk management systems are adequate and effective to address financial, operational, and compliance and information technology risks that the Group faces in its current business environment. This opinion is arrived at based on the internal control framework established and maintained by the Group, the work performed by the internal and external auditors, reviews carried out by the Management, the AC, as well as assurances received from the CEO and CFO.

As further disclosed on page 49 of the Annual Report FY2015, the Board notes that, despite their best efforts to implement risk management systems, no cost-effective system of internal control can provide absolute assurance against the occurrence of material errors, poor judgment in decision-taking, human error, fraud or other irregularities. The system is designed to manage rather than eliminate all risks. As such, risk assessment and evaluation is an essential part of business planning and monitoring.

BY ORDER OF THE BOARD

Dr Diao Weicheng
Executive Chairman
26 April 2016